

House File 2527

H-8482

1 Amend House File 2527 as follows:

2 1. By striking page 1, line 1, through page 5, line  
3 3, and inserting:

4 <DIVISION I

5 REVIEW AND REAUTHORIZATION OF PROGRAMS

6 Section 1. INTENT AND PURPOSE.

7 1. It is the intent of the general assembly that  
8 each tax credit, withholding credit, and revenue  
9 division program should effectuate the purposes for  
10 which it was enacted and that the cost of such programs  
11 should be included more readily in the yearly budgeting  
12 process.

13 2. The purposes of this Act are to provide for the  
14 regular review of all tax credit, withholding credit,  
15 and revenue division programs in order to facilitate  
16 the reauthorization of successful programs and to do  
17 so at a cost that can be accommodated by the state's  
18 annual budget.

19 DIVISION II

20 LEGISLATIVE TAX EXPENDITURE COMMITTEE

21 Sec. 2. Section 2.45, Code Supplement 2009, is  
22 amended by adding the following new subsection:

23 NEW SUBSECTION. 5. *a.* The legislative tax  
24 expenditure committee which shall be composed of  
25 ten members of the general assembly, consisting of  
26 five members from each house, to be appointed by the  
27 legislative council. In appointing the five members of  
28 each house to the committee, the council shall appoint  
29 three members from the majority party and two members  
30 from the minority party.

31 *b.* The legislative tax expenditure committee shall  
32 have the powers and duties described in section 2.48.

33 Sec. 3. NEW SECTION. 2.48 **Legislative tax**  
34 **expenditure committee — review of tax incentive**  
35 **programs.**

36 1. *Duties of committee.* The legislative tax  
37 expenditure committee shall do all of the following:

38 *a.* Evaluate any tax expenditure available  
39 under Iowa law and assess its equity, simplicity,  
40 competitiveness, public purpose, adequacy, and extent  
41 of conformance with the original purposes of the  
42 legislation that enacted the tax expenditure, as those  
43 issues pertain to taxation in Iowa. For purposes of  
44 this section, "*tax expenditure*" means an exclusion  
45 from the operation or collection of a tax imposed in  
46 this state. Tax expenditures include tax credits,  
47 exemptions, deductions, and rebates. Tax expenditures  
48 also include sales tax refunds issued pursuant to  
49 section 423.3 or section 423.4.

50 *b.* Establish and maintain a system for making

1 available to the public information about the amount  
2 and effectiveness of tax expenditures, and the extent  
3 to which tax expenditures comply with the original  
4 intent of the legislation that enacted the tax  
5 expenditure.

6     2. *Review of tax expenditures — budget*  
7 *estimates.* The legislative tax expenditure committee  
8 shall do all of the following:

9     a. Engage in the regular review of the state's tax  
10 expenditures.

11     (1) In reviewing tax expenditures, the committee  
12 may review any tax expenditure at any time, but  
13 shall at a minimum perform the reviews described in  
14 subsection 3.

15     (2) For each tax expenditure reviewed, the  
16 committee shall submit a report to the legislative  
17 council containing the results of the review. The  
18 report shall contain a statement of the policy goals  
19 of the tax expenditure and a return on investment  
20 calculation for the tax expenditure. For purposes of  
21 this subparagraph, "*return on investment calculation*"  
22 means analyzing the cost to the state of providing  
23 the tax expenditure, analyzing the benefits realized  
24 by the state from providing the tax expenditure, and  
25 reaching a conclusion as to whether the benefits of  
26 the tax expenditure are worth the cost to the state of  
27 providing the tax expenditure.

28     (3) The report described in subparagraph (2)  
29 may include recommendations for better aligning  
30 tax expenditures with the original intent of the  
31 legislation that enacted the tax expenditure.

32     b. (1) Estimate for each fiscal year, in  
33 conjunction with the legislative services agency  
34 and the department of revenue, the cost of each  
35 individual tax expenditure and the total cost of all  
36 tax expenditures, and by December 15 provide those  
37 estimates to the governor for use in the preparation  
38 of the budget message under section 8.22 and to the  
39 general assembly to be used in the budget process.

40     (2) The estimates provided pursuant to subparagraph  
41 (1) may include the committee's recommendations for  
42 the imposition of a limitation on a specified tax  
43 expenditure, a limitation on the total amount of  
44 tax expenditures, or any other recommendation for a  
45 specific tax expenditure or the program under which the  
46 tax expenditure is provided.

47     3. *Schedule of review of all tax expenditures.* The  
48 committee shall review the following tax expenditures  
49 and incentives according to the following schedule:

50     a. In 2011:

1 (1) The high quality jobs program under chapter 15,  
2 subchapter II, part 13.  
3 (2) The tax credits for increasing research  
4 activities available under sections 15.335, 15A.9,  
5 422.10, and 422.33.  
6 (3) The franchise tax credits available under  
7 sections 422.11 and 422.33.  
8 (4) The earned income tax credit available under  
9 section 422.12B.  
10 b. In 2012:  
11 (1) The Iowa fund of funds program in chapter 15E,  
12 division VII.  
13 (2) Property tax revenue divisions for urban  
14 renewal areas under section 403.19.  
15 (3) The targeted jobs withholding credits available  
16 under section 403.19A.  
17 (4) Funding of urban renewal projects with  
18 increased local sales and services tax revenues under  
19 section 423B.10.  
20 (5) School tuition organization tax credits under  
21 sections 422.11S and 422.33.  
22 (6) Tuition and textbook tax credits under section  
23 422.12.  
24 c. In 2013:  
25 (1) The child and dependent care and early  
26 childhood development tax credits under section  
27 422.12C.  
28 (2) The endow Iowa tax credits authorized under  
29 section 15E.305.  
30 (3) The redevelopment tax credits available under  
31 section 15.293A.  
32 (4) The disaster recovery housing tax credits  
33 available under sections 16.211 and 16.212.  
34 (5) The tax credits available for film, television,  
35 and video project promotion under section 15.393.  
36 d. In 2014:  
37 (1) Tax credits for investments in qualifying  
38 businesses and community-based seed capital funds under  
39 chapter 15E, division V.  
40 (2) Historic preservation and cultural and  
41 entertainment district tax credits under chapter 404A.  
42 (3) Wind energy production tax credits under  
43 chapter 476B.  
44 (4) Renewable energy tax credits under chapter  
45 476C.  
46 (5) The ethanol promotion tax credits available  
47 under section 422.11N.  
48 (6) The E-85 gasoline promotion tax credits  
49 available under section 422.11O.  
50 (7) The biodiesel blended fuel tax credits

1 available under section 422.11P.  
2 e. In 2015:  
3 (1) The agricultural assets transfer tax credit  
4 under section 175.37.  
5 (2) The claim of right tax credit under section  
6 422.5.  
7 (3) The reduction in allocating income to Iowa by S  
8 corporation shareholders under section 422.8.  
9 (4) The minimum tax credit under sections 422.11B,  
10 422.33, and 422.60.  
11 (5) The assistive device corporate tax credit under  
12 section 422.33.  
13 (6) The charitable conservation contribution tax  
14 credit under sections 422.11W and 422.33.  
15 (7) The motor vehicle fuel tax credit under section  
16 422.110.  
17 (8) The new jobs tax credits available under  
18 section 422.11A.  
19 (9) The financial assistance available under the  
20 enterprise zones program in chapter 15E, division  
21 XVIII.  
22 4. A tax expenditure or incentive reviewed pursuant  
23 to subsection 3 shall be reviewed again not more than  
24 five years after the tax expenditure or incentive was  
25 most recently reviewed.>  
26 2. Page 5, line 26, by striking <2012> and  
27 inserting <2013>  
28 3. By renumbering as necessary.

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